

Failure or Fortune? A Historical Analysis of Family Firm Evolution During the Merger Process

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Summary: Despite a surplus of research examining mergers and acquisitions (M&A), a critical gap remains in understanding how applying a retrospective lens, explains how this process evolves over time, especially regarding family firms with religious embeddedness. This research therefore bridges Business History and M&A process studies, by examining how family firms in the twentieth century evolve, applying an M&A process framework to explore how these firms navigate this strategic change over time. Using case studies such as Unilever (1929), Cadbury-Schweppes (1969) and Rowntree-Mackintosh (1969), the findings revealed that these factors challenge this pre-existing three phase framework, introducing an antecedent phase, or 'pre-pre-merger' phase. This research therefore highlights the value of employing historical methods such as archival research and narrative analysis in understanding how these change events influence the long-term strategies of family firms, emphasising the importance of engaging with one's history when navigating mergers.

Word Count: 1990

Paper Development Comments:

Prior to conference presentation, this paper will be developed by expanding on two key points. Firstly, through my sources, I will show that the firms in question are still "family" firms by the time of their respective mergers, therefore arguing that this factor played a role in the navigation of the merger process. Secondly, I will present a clear argument how this paper uncovered an antecedent, or 'pre-pre-merger' phase, as opposed to an extension of the pre-merger phase. This will be achieved through the integration of historical sources and methodology, resulting in the bridging of two fields of Business that are typically overlooked by one another.

Abstract

Despite a well-established body of literature examining mergers and acquisitions (M&A), there remains a critical lack of knowledge regarding how such strategic changes develop over time, and many existing studies often overlook the long-term impact of historical practices on mergers, thus limiting our understanding of how firms navigate organisational shifts during a change process. Recent Business Historians emphasise characteristics such as path dependency that help shape organisational strategies, yet process scholars do not consider these factors in their works. Consequently, process frameworks fail to account for how deeply embedded cultures and decision-making traditions influence the merger process (Van Lent & Durepos, 2019). This study will therefore apply an existing M&A process framework that is widely utilised in M&A process studies, to a historical context (Salus, 1989; Sergeevic, 2021; Azevedo, 2021), outlining the journey a firm takes from its pre-merger state, through to post-merger. It will engage with twentieth century family firm's that underwent mergers throughout the century, to uncover not only how historical contexts shape process studies, but also highlight the importance of considering factors such as family firm dynamics and religion in how the merger process is navigated. The mergers in question are as follows: Unilever (1929), Rowntree-Mackintosh (1969) and Cadbury-Schweppes (1969). Business historians have long stressed the need for longitudinal analysis to understand organisational change/evolution (Colli, 2012; Colli, Howorth & Rose, 2013; Hannah, 2007), and so by adapting the above framework to a historical methodology, this study demonstrates the value of historical approaches in merger research. The findings uncovered that family firm ethos and religious alignment play a significant role in the M&A process, though the degree of this differed between the cases. More importantly, the findings revealed how these factors in-fact altered the existing three-phase framework, uncovering an antecedent phase, or 'pre-pre-merger' phase. These findings highlight the importance of archival research in capturing long-term strategic change and call for greater integration of historical perspectives in understanding corporate strategy evolution. For practitioners, it highlights the importance of engaging with one's own history when navigating the change process, thus aiding firms to anticipate challenges such as cultural persistence and organisational inertia.

Introduction

Given that between 50%-80% of mergers end dismally, (Joshi et al. 2020), how family firms experience and navigate challenges through this process remains underdeveloped. This is a crucial problem, as it may help to understand the unique challenges they face, including the preservation of family values, organisational culture, and long-term sustainability (Chirico et al., 2020; Meglio & King, 2019). Family businesses, often deeply rooted in culture, values, and identity, may experience significant disruptions during an M&A, especially when it comes to maintaining their ethos, organisational culture, and family dynamics. Moreover, given their vastly different structure and succession behaviours compared to non-family firms, they may undergo practices differently. Current literature tends to focus on post-merger integration or cultural changes (e.g., Lind, 2019) overlooking the early stages where critical decisions about family identity and firm direction are made. Furthermore, there is limited research on how family firms' religious and cultural values influence their approach to M&As (Mickelson & Worley, 2003). A key omission in the literature is the lack of historical research that applies archival methodologies to trace the long-term evolution of family firms during and after M&As. Through a retrospective analysis using corporate archives (and other archival material), this study can explore the complex process of changes over time, thus uncovering patterns that lead to a deeper understanding of how family firms navigate the merger process. Given the lack of detailed exploration of family firms' experiences during the M&A process, particularly the early stages, in addition to the shortage of historical research using archival methods to track long-term changes in family firm's post-merger, this study will address these gaps by conducting a longitudinal study using historical case studies and archival analysis to examine multiple family firms across different time periods, focusing on how they navigate the M&A process. In line with historical studies (Colli et al. 2012), longitudinal, multiple-case studies engaging with archival methods provide the foundation to explore the enduring consequences of the merger process on family firms.

To analyse the merger process, this study employed an M&A process framework that is widely utilised to examine the factors involved, and the journey taken by firms when undergoing strategic change of this nature. First conceptualised by Salus (1989) and has since been built upon by contemporary process scholars (see Sergeevic, 2021; Azevedo, 2021), this framework is suitable for many M&A process studies as it enables scholars to track changes during the merger process. However, it has traditionally not considered external factors, which in this case, would be family firm dynamics and religious alignment.

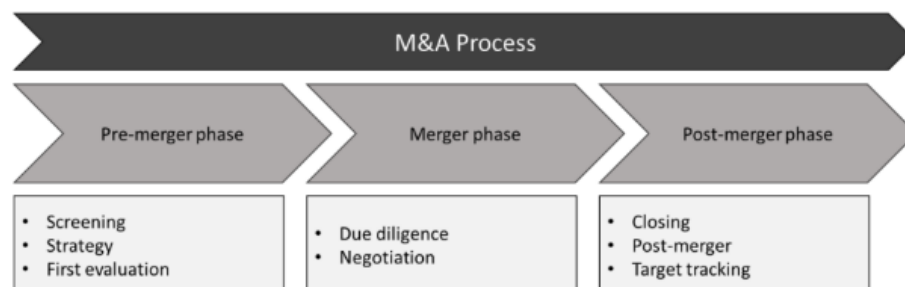
Literature Review

Mergers and Acquisitions (henceforth M&A) are integral for navigating corporate strategy and longevity, yet much of existing literature emphasises the importance of post-merger integration to explain merger outcome and performance (Chatterjee & Brueller, 2025; Brueller, Camreli & Markman, 2018). While this line of enquiry provides its own important insights, it often relies heavily on modern quantitative data due to its aim of measuring 'outcome', highlighting the financial metrics such as market share and profitability. This leaves a critical gap in literature regarding the M&A process itself, especially the pre-merger and merger phases which consider more complicated factors such as nuanced cultural and societal factors that help structure the M&A process (Schweiger & DeNisi, 2013). Moreover, the use of historical perspectives and methodologies in M&A process literature rarely overlaps, which, given its ability to offer deeper context-rich insights, could be invaluable to understanding the complexities of the merger process, and how such processes unfold over time (Shi et al. 2012). In comparison to

large datasets that are typically utilised in M&A research, archival research associated with historical methodologies, such as corporate archives and case studies, enable us to trace factors that influence strategic decision-making over time (Pardi, 2017; Maran & Parker, 2021). Resultingly, historical methodologies provide a more holistic overview of the merger process. Moreover, family firms, which carry their own set of unspoken traditions and cultures compared to non-family firms, prioritise organic growth, stability, and control over immediate financial goals, thus uniquely influencing the merger process (Raithatha & Ladkani, 2021). For instance, in the pre-merger phase, family firms seek partners with cultural synergies, rather than financial. In the merger phase, family firms emphasise trust-building during negotiations. Therefore, employing a historical methodology to family firms in merger process literature can reveal decision-making patterns as of the evolution of such activities (Zellweger et al. 2016). Similarly, religion plays a crucial role in the merger process, particularly regarding cultural alignment. Much like family firms, firms that have religion embedded within their activities, are more likely to consider cultural fit regarding their merger partners to achieve their merger objectives, as opposed to firms that do not align with such ideologies (Erel, Liao & Weisback, 2012; Kwok, 2022). To conclude, while traditional M&A frameworks are widely used to understand merger outcomes and performance, they typically overlook how other variables such as family firms and religion, influence the process itself. Considering these variables will provide valuable insights as to how firms associated with such variables, navigate such processes, and whether these therefore complexify existing merger frameworks that omit such variables. Employing historical methodologies through archival data allows us to not only observe the evolution of the merger process of family firms, but also allows us to gain a deeper understanding of the decision-making process, through access to typically sensitive or not publicly available data (Daspit et al. 2016; Das et al. 2022).

Methods

To address the objectives of this study, a narrative research methodology was employed to understand the stories of the individuals in the companies listed in this research. This approach allows for an in-depth analysis of how personal and organisational narratives intersect, shedding light on the impact of these events. As addressed in the literature review, the three-phase merger framework (Salus, 1989; Sergeevic, 2021; Azevedo, 2021) which outlines the pre-merger, merger, and post-merger stages. This framework serves as a guiding structure for analysing the narrative data, enabling a comprehensive understanding of the merger process over time.

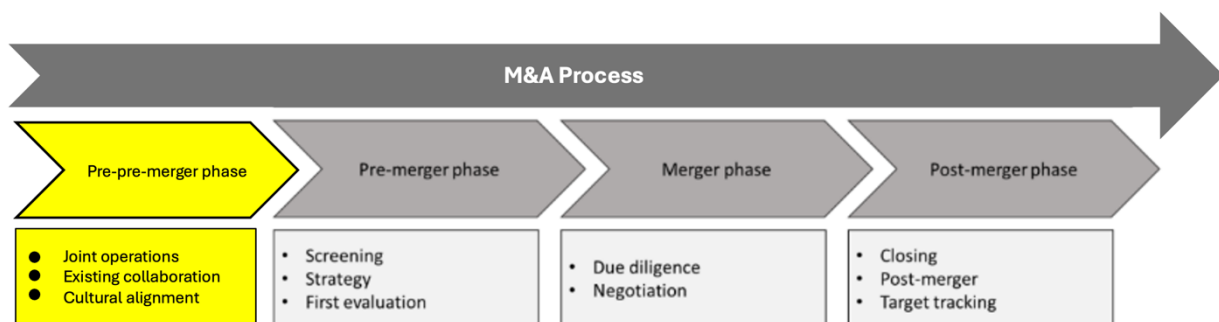


To examine changes throughout the merger process, this study engaged with three twentieth century mergers of family-owned companies: Unilever merger (1929), Cadbury-Schweppes merger (1969) and Rowntree-Mackintosh merger (1969). Data was collected using corporate archives, which provide rich, historical insights into organisational decisions, communication strategies, and leadership actions during the merger process. Thematic data analysis is

employed to analyse the collected data, focusing on identifying recurring themes, and patterns that emerge across the narratives. This method helps to reveal key insights into the emotional, cultural, and organisational shifts that occur during each phase of the merger. By applying this approach, the study aims to uncover the underlying dynamics and effects of mergers on both individuals and organisations.

Findings

The findings of this study revealed that both family firm dynamics and religion played a significant role in the merger processes of the cases presented, forming an antecedent phase to the existing three-phase merger framework that was employed. This antecedent, or ‘pre-pre-merger’ phase revealed that both firms undergoing merger negotiations, were in fact already engaging in collaborative practices and discussions, albeit informal, years prior to formal merger discussions taking place, which, according to the archival data, was due to the families aims of remaining family-centric and maintaining religious alignment. Rowntree and Mackintosh were already operating jointly in some capacity prior to merger negotiations (partnership in Ireland, exploiting of manufacturing resources). Similarly, Cadbury and Schweppes held discussions prior to merger negotiations taking place, primarily as Cadbury was most concerned about the ‘family firm’ aspect of the firm disappearing. While such talks were not as blatant as Rowntree-Mackintosh, it is evident that the firms in this research were either already jointly operating or were undergoing informal discussions prior to undergoing the ‘pre-merger’ phase. Considering this finding, the below diagram is a re-constructed three-phase framework, now including the newly found antecedent phase, thus forming a new ‘four-phase’ framework. As demonstrated in the diagram below, the cases analysed in this study uncovered three identified factors that family firms engage with when undergoing the merger process, thus making up the antecedent phase.



Discussion/Conclusion

As this study has uncovered an antecedent phase that precedes the typical ‘pre-merger’ phase in merger processes, this research makes a significant contribution not only to process literature, but to literature employing historical methodologies to reveal knowledge that would otherwise have been overlooked. The unearthing of this antecedent phase challenges conventional process research, which advocates for screening, strategy, and first evaluation as the formal starting point by which mergers are entered. Instead, this research reveals that family firms, particularly ones that engage with religious embeddedness and/or strong family firm culture, initiate the merger process long before formally announced, otherwise known as

playing the 'long game', with no intentions to undergo a merger at the time. The antecedent phase was revealed through applying a historical analysis to the cases, thus providing a longitudinal perspective of the firms' behaviours and practices five years prior to, and after the merger event. As such, this approach emphasised how family firms unknowingly positioned themselves for a merger by considering such compatibilities from the outset. This contribution not only sheds new light on M&A process literature, but it also demonstrates the malleability of such processes when integrated with external variables such as family firms and religion. Thus, the introduction of an antecedent phase within M&A process literature represents a key methodological contribution, integrating otherwise typically overlooked variables into an existing process framework and offering a more comprehensive historical perspective on the merger process. To extend the findings of this research, future scholars may want to undergo a comparative analysis of family vs non-family firms, to identify whether informal firm collaborations influenced the merger process, thus confirming the findings of this study.

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